



City of Alpena
NEIGHBORHOOD ENTERPRISE ZONE TAX ABATEMENTS
INSTRUCTIONS FOR FILING AN APPLICATION FOR
NEW CONSTRUCTION

IMPORTANT: Applications must be filed before any building permits are issued for a "New Facility".

BASIC REQUIREMENTS:

1. Your property must be located in a Neighborhood Enterprise Zone (NEZ) as established by the City Council. Call the City Assessor's Office at 989-354-1740 to determine if your property is located within any of the City's Neighborhood Enterprise Zones.
2. The primary purpose of your property must be residential housing consisting of 1 or 2 units, one of which you will occupy as your principal residence.
3. A "New Facility" also includes a new individual condominium unit, in a structure with one or more condominium units, which you will occupy as your principal residence. Contact the Assessor or City Planner for further details.
4. Applications must be filed before any building permits are issued for new construction.

APPLICATION:

1. Applications can be obtained from the City Assessor's Office, City Hall, 208 N. First Avenue in Alpena, or by visiting the City of Alpena web site at <http://www.alpena.mi.us> and following the links to Departments and Assessor.
2. Complete the application by filling in the portions designated for "Owner/Applicant". Be sure to clearly describe your project on the application.
3. Attach a detailed breakdown of your project cost.
4. Attach proof of ownership or intended ownership if it's different from the current owner shown on the City Assessor's records. Proof is a copy of an executed deed, land contract, or sales agreement.
5. File your completed application with a \$100 filing fee at the City Clerk's Office, 208 N. First Avenue, City Hall, Alpena MI 49707.

6. If the application is complete, the Clerk records the filing date and starts the approval process. The City has 60 days for the City Council to take action and approve or deny your request.
7. After filing your application with the City Clerk, you are ready to get the necessary building permits and start construction.

APPROVAL PROCESS:

1. After recording your application, the City Clerk sends copies to the Assessor and Building Inspector for review.
2. The Assessor attaches the legal description, dimensions of the lot and the parcel identification number and checks for proof of ownership or intended ownership.
3. The building Inspector reviews the project description and the detailed cost breakdown for your project.
4. The Assessor and Building Inspector notify the City Clerk of their findings and/or recommendations.
5. The City Clerk prepares a resolution approving the application and sends it to the City Manager for placement on the City Council agenda.
6. After City Council approval, the Clerk sends you a letter and referral card with instructions to arrange for inspections and submit the final permit report and a Certificate of Occupancy.
7. Upon completion of construction and final inspection, the Building Official issues a Certificate of Occupancy.
8. The applicant shall submit a copy of the Certificate of Occupancy to the City Clerk.

HELPFUL TIP: It is your responsibility to file a copy of your Certificate of Occupancy with the City Clerk. Delays in filing this document impact the start date of your tax benefits.

9. The applicant shall submit an affidavit to the City Clerk affirming the new facility is occupied as your principal residence.
10. The City Clerk forwards the application with a certified copy of the resolution and all supporting documents to the Michigan State Tax Commission in Lansing.
11. The Michigan State Tax Commission reviews your application and determines if your structure complies with the requirements of the law. If your structure and

application meet the requirements, the Tax Commission issues a Neighborhood Enterprise Zone certificate. Copies of the certificate are sent to the applicant, the Assessor and to each affected taxing unit.

Taxes:

1. A specific tax is levied on the new facility in a similar manner as for ad valorem taxes.
2. The land value remains on the ad valorem assessment and tax rolls where it is subject to increases or decreases in valuation.
3. 50% of the new building value is placed on a special tax roll where the value is subject to increases or decreases in valuation.
4. The taxes are computed normally for the land value and you continue to receive summer and winter tax bills from the City Treasurer.
5. The taxes are computed separately for the new building value by multiplying the taxable value of the new building by ½ the average statewide tax rate. The State Board of Assessors determines this rate each year. You receive separate summer and winter tax bills for the land and the new facility.
6. The effective date of the tax abatement is December 31 of the year in which the project is occupied by the owner. (If you occupy in 2004, the abatement starts in 2005.)
7. Unless revoked, the new facility receives reduced taxes for the term of the abatement. (See page 5 and 6 for rules for determining the term of the abatement within the Thunder Bay Overlay District.)

TAX SAVINGS EXAMPLE:

Assumptions:

- Value of New Facility of \$200,000, taxable value of \$100,000.
- Facility is 100% owner occupied.
- Using ½ of the 2012 average statewide tax rate: 16.5500 Mills.

Tax on New Facility without NEZ Cert.	\$100,000 x .0385 (Homestead Millage Rate)	\$3,850
Tax on New Facility with NEZ Cert.	\$100,000 x .01655 (1/2 of Average Statewide Tax Rate)	\$1,655
One Year Tax Savings		\$2,195
12 Year Tax Savings	This number will increase with any increase in the taxable value.	\$26,340

Upon expiration of the certificate, your property is appraised at current market value and returned to the ad valorem assessment and tax rolls.

CERTIFICATE HOLDERS' REQUIREMENT:

1. Each year the certificate is in effect, you or any subsequent owner must file an affidavit before November 1st. This affidavit affirms you are the owner of the property and occupy it as your principal residence.
2. The Assessor is required by this law to file certain information annually with the Michigan State Tax Commission. This includes maintaining a current market value of your property. You may be contacted periodically to arrange for inspections to keep our records up-to-date.

REVOCATION:

The Michigan State Tax Commission may revoke certificates for the following reasons:

1. Upon receipt of a written request from you. You must send this request by certified mail to the Michigan State Tax Commission, PO Box 30471, Lansing, MI 48909-7971.
2. If you fail to complete the filing requirements within 2 years of the date the certificate was issued.
3. If you fail to file the annual affidavit affirming that you occupy the property as your principal residence before November 1st each year.
4. If you fail to pay your annual Neighborhood Enterprise Zone Taxes and ad valorem taxes in the City of Alpena.
5. If the structure's primary purpose is not residential housing.
6. If the City determines your home does not comply with local building, construction or safety codes.

FILLING OUT THE APPLICATION

1. See instructions on pages 3 and 4 of the application attached to this document.

CONTACTS FOR ADDITIONAL INFORMATION:

Requirements:

City Assessor's Office
 City Hall
 208 N. First Avenue
 Alpena MI 49707
 Phone: (989) 354-1740
 Fax: (989) 354-1709

Building Permits & Inspections

City Building Official
 City Hall
 208 N. First Avenue
 Alpena MI 49707
 Phone: (989) 354-1760
 Fax: (989) 354-1709

Application Packet & Assistance

Greg Sundin
 City Planning & Development Dir.
 208 N. First Avenue
 Alpena MI 49707
 Phone: (989) 354-1771
 Fax: (989) 354-1709

If you are applying for a Neighborhood Enterprise Zone Certificate located in the **Thunder Bay Overlay District** the following rules apply for determining the term of the abatement.

City of Alpena
Thunder Bay Neighborhood Enterprise Zone
Policy and Rating Schedule – New Construction

A. Purpose

The City of Alpena established the Thunder Bay Neighborhood Overlay District in 1999 to provide standards for the development of new single family detached residences on the site of the former Thunder Bay Junior High School. Since that time only one house has been constructed in the block. In an effort to encourage and support the development of new homes in the district, the City established the Thunder Bay Neighborhood Enterprise Zone in 2011 encompassing the block bounded by First and Second Avenues and Dunbar and White Streets. The following are the policies and criteria for determining eligibility for and the length of any NEZ Certificate granted under the Act.

B. Standards

1. The property must be located within the Thunder Bay NEZ.
2. Minimum Construction Cost of \$115,000. General Contractor shall provide a signed written statement of the total cost to construct the residence.
3. Applicant shall provide a dimensioned site plan and dimensioned elevations of the residence including exterior materials and colors.
4. At the time an application is filed the applicant shall be current on all property taxes, fees and other financial obligations levied against it by the City of Alpena, and shall remain current during the term of the approved exemption.
5. Applicant shall comply with all requirements of the Neighborhood Enterprise Zone Act, PA 147 of 1992.
6. Applicant shall pay the designated filing fee.
7. Applications are available from the Building/Assessor Department, and are submitted to the Alpena City Clerk.

C. Abatement Term

1. Maximum term of abatement shall be twelve (12) years.
2. The City of Alpena may approve an abatement certificate for 4, 8 or 12 years based on the following rating schedule.

D. Rating Schedule – Points Awarded

	<u>Points Awarded</u>
1. Construction cost of the new residence (excluding land)	
a. \$115,000 - \$150,000	1
b. \$150,001- \$200,000	2
c. \$200,001 - \$250,000	3
d. \$250,001 - \$300,000	4
e. \$300,001 +	5

	<u>Points Awarded</u>
2. Overlay District Standards	
a. Requires variances in excess of 10% from the TB Overlay District development standards	0
b. Requires variances between 5% and 10% from the TB Overlay District development standards	1
c. Requires variances of less than 5% from the TB Overlay District development standards	2
d. Conforms to the TB Overlay District development standards (no variances required)	4
3. Architectural Compatibility (bonus points)*	
The residence adds to the architectural character of the neighborhood through the use of materials, design details, irregular building “foot print”, location of the residence on the lot, height, color and landscaping	0-4
* Plans will be reviewed by a committee consisting of:	
• City Planning and Development Director	
• City Building Official	
• City Planning Commission Member	
• City Historic District Study Committee Member	
Decisions of the Committee are final.	

Point Awards

<u>Total Points</u>	<u>Abatement Term</u>
<4	0 Years
4-6	4 Years
7-10	8 Years
11-13	12 Years

STATE USE ONLY	
▶ Application No.	▶ Date Received

Application for Neighborhood Enterprise Zone Certificate

Issued under authority of Public Act 147 of 1992, as amended.

Read the instructions before completing the application. This application must be filed prior to building permit issuance and start of construction. Initially file one original application (with legal description) and two additional copies of this form with the clerk of the local governmental unit (three complete sets). The additional documents to complete the application process will be required by the State of Michigan only after the original application is filed with the clerk of the local governmental unit (LGU). This form is also used to file a request for the transfer of an existing NEZ certificate. Please see the instruction sheet.

PART 1: OWNER/APPLICANT INFORMATION (Applicant must complete all fields)

Applicant Name			Type of Approval Requested		
Facility's Street Address			<input type="checkbox"/> New Facility <input type="checkbox"/> Rehabilitation Facility <input type="checkbox"/> Transfer (1 copy only)		
City	State	ZIP Code	Amount of years requested for exemption (6-15)		Is the facility owned or rented by occupants?
Name of City, Township or Village (taxing authority)			Type of Property		
<input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village			<input type="checkbox"/> House <input type="checkbox"/> Duplex <input type="checkbox"/> Condo <input type="checkbox"/> Loft <input type="checkbox"/> Apartment - No. of Units _____		
County	School District				
Name of LGU that established district		Name or Number of Neighborhood Enterprise Zone		Date district was established	
Identify who the work was completed by			Estimated Project Cost (per unit)		
<input type="checkbox"/> Licensed Contractor <input type="checkbox"/> Other _____					
Describe the general nature and extent of the new construction or rehabilitation to be undertaken. Include Breakdown of Investment Cost. Use attachments if necessary.					
Timetable for undertaking and completing the rehabilitation or construction of the facility.					

PART 2: APPLICANT CERTIFICATION

Contact Name	Contact Telephone Number
Contact Fax Number	Contact E-mail Address
Owner/Applicant Name	Owner/Applicant Telephone Number
Owner/Applicant Mailing Address (Street No., City, State, ZIP Code)	Owner/Applicant E-mail Address
<i>I certify the information contained herein and in the attachments are true and that all are truly descriptive of the residential real property for which this application is being submitted.</i>	
<i>I certify I am familiar with the provisions of Public Act 147 of 1992, as amended, (MCL 207.771 to 207.787) and to the best of my knowledge, I have complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the LGU and the issuance of Neighborhood Enterprise Zone Certificate by the State Tax Commission.</i>	
Owner/Applicant Signature	Date

PART 3: LGU ASSESSOR CERTIFICATION (Assessor of LGU must complete Part 3)			
The property to be covered by this exemption may not be included on any other specific tax roll while receiving the Neighborhood Enterprise Zone Exemption. For example, property on the Eligible Tax Reverted Property (Land Bank) specific tax roll cannot be granted a Neighborhood Enterprise Zone Exemption that would also put the same property on the Neighborhood Enterprise Zone specific tax roll.			
<input type="checkbox"/> By checking this box I certify that, if approved, the property to be covered by this exemption will be on the Neighborhood Enterprise Zone Exemption specific tax roll and not on any other specific tax roll.			
Name of LGU			
Name of Assessor (First and last name)		Telephone Number	
Fax Number		E-mail Address	
<i>I certify that, to the best of my knowledge, the information contained in Part 3 of this application is complete and accurate.</i>			
Assessor's Signature			Date
PART 4: LGU ACTION/CERTIFICATION (LGU clerk must complete this section before submitting to the State Tax Commission)			
Action taken by LGU:		The State Tax Commission requires the following documents be filed for an administratively complete application:	
<input type="checkbox"/> Exemption Approved for _____ Years (6-15)		<input type="checkbox"/> 1. Original Application	
<input type="checkbox"/> Exemption Approved for _____ Years (11-17 historical credits)		<input type="checkbox"/> 2. Legal description of the real property with parcel code #	
<input type="checkbox"/> Exemption Denied (include Resolution Denying)		<input type="checkbox"/> 3. Resolution approving/denying application (include # of years)	
Date of resolution approving/denying this application		<input type="checkbox"/> 4. REHABILITATION APPLICATIONS ONLY. Statement by the assessor showing the taxable value of the rehabilitated facility not including the land, for the tax year immediately preceding the effective date of the rehabilitation.	
Clerk's Name (First and Last)		Telephone Number	
Fax Number		E-mail Address	
Mailing Address		City	State ZIP Code
<i>I certify that I have reviewed this application for complete and accurate information and determined that the subject property is located within a qualified Neighborhood Enterprise Zone.</i>			
<i>I certify this application meets the requirements as outlined by Public Act 147 of 1992 and hereby request the State Tax Commission issue a Neighborhood Enterprise Zone Certificate.</i>			
Clerk Signature			Date

The LGU should mail the original completed application and required documents to the following address:

State Tax Commission
P.O. Box 30471
Lansing, MI 48909

Note: Additional documentation will be required for further processing of the application and for the issuance of the certificate of exemption. These documents should be sent directly to the State of Michigan only after the original application is filed with the LGU clerk and approved by the LGU. See the instruction sheet attached.

Any questions concerning the completion of this application should be directed to the LGU clerk.

Instructions for Completing Form 4775

Application for Neighborhood Enterprise Zone (NEZ) Certificate

The Neighborhood Enterprise Zone (NEZ) Exemption Certificate was created by Public Act 147 of 1992, as amended. To qualify for this certificate, the subject property must be located within an established NEZ. Applications for a certificate of exemption are filed, reviewed, and approved by the local governmental unit (LGU), but also are subject to review and either approval or denial by the State Tax Commission.

Builder/Developer/Applicant Instructions

1. Complete Parts 1 and 2.
2. **This application must be filed with the LGU clerk prior to the building permit issuance and the start of construction.** File one original and two copies (three complete sets) of the completed application and the following documents:
 - Legal description of the real property on which the facility is located.
 - Property Identification Number
 - Describe the general nature and extent of the new construction or rehabilitation to be undertaken and the breakdown (for rehabilitation only) of the investment cost.
 - Timetable for undertaking and completing the new construction or rehabilitation of the facility.

NOTE TO NEW OWNERS: A list of additional required documentation to complete the application/certificate issuance process is on page 2 of the instructions. This documentation is sent directly to the State of Michigan, only after the original application is filed with the LGU clerk and approved by the LGU.

3. Any questions concerning the completion of this application should be directed to the LGU clerk. Additional information on the NEZ program can be found at www.michigan.gov/propertytaxexemptions.

LGU Assessor Certification

1. Complete Part 3.

LGU Action/Certification

1. Complete Part 4.
2. The LGU clerk should review the application for complete and accurate information, to determine that the subject property is located within a qualified NEZ and certify the application meets the requirements as outlined by Public Act 147 of 1992, as amended.
3. Once approved, attach a certified copy of the resolution approving the application. This resolution must include the number of years the LGU is granting the exemption.
4. Submit the complete application to the following address:

State Tax Commission
P.O. Box 30471
Lansing, MI 48909

Application Deadline

The State Tax Commission must receive complete applications on or before October 31 to ensure processing and certificate issuance for the following tax year. Applications received after October 31 may not be processed in time for certificate issuance for the following tax year.

For guaranteed receipt by the State Tax Commission, send applications and attachments via certified mail. If you have questions, or need additional information or sample documents, visit our Web site at www.michigan.gov/propertytaxexemptions or call (517) 373-2408.

Additional Documents Required by the State to Issue an NEZ Certificate

Some documents may be obtained from the builder/developer.

Additional documents required for a New Facility project:

- A signed application completed by the new owner/occupant. Most of the information needed can be taken from the original application filed by the developer.
- A copy of the legal description of the real property with parcel code number of the property for each house/condo being built.
- A copy of the building permit. Make sure the copy of the permit (building/trade permit) sent to the State is clear and legible.
- A copy of the new owners Warranty Deed showing ownership with the date deed was executed and signatures.
- A copy of the Certificate of Occupancy and Compliance.
- A copy of your Principal Residence Exemption (PRE) Affidavit (Form 2368), filed with the LGU assessor (black out Social Security Numbers).

Additional documents required for a Rehabilitated facility:

- Documentation proving the cost requirements of Michigan Compiled Law (MCL) 207.772(m) is met. A breakdown of investment cost for each house, condo or unit being rehabilitated and the square footage for each.
- A copy of the legal description of the real property with parcel code number of the property for each house/condo being built or rehabilitated.
- A clear and legible copy of the building/trade permit. For a rehabilitated facility you may not have a building permit but you will have trade permits. Send copies of the trade permits.
- A copy of the new owner's Warranty Deed showing ownership with date the deed was executed and signatures.
- A certificate of occupancy and compliance or certification by the local building official that the building meets minimum building codes for the local unit. Applicant must contact the building official.
- A copy of the statement by the assessor showing taxable value of the rehabilitated facility, not including the land, for the tax year immediately preceding the effective date of the rehabilitation.

Transfer of an existing certificate

Existing NEZ certificates may be transferred to a new owner by filing a completed application and a copy of the warranty deed for the subject property with the State Tax Commission.

Tax Advantage of an NEZ Exemption

The NEZ tax for a "**Rehabilitated Facility**" is determined by multiplying the total mills levied as ad valorem taxes by the taxable value, not including land, for the tax year immediately preceding the effective date of the certificate, unless the effective date is adjusted by MCL 207.780(3). If the effective date is adjusted or the certificate is approved after 12/31/2005, the taxable value remains "frozen" until the last three years of the certificate and is then adjusted as described below.

The NEZ tax for a "**New Facility**" is determined by multiplying one-half the Principal Residence Exemption state average tax rate mills levied in this state in the immediately preceding calendar year by the taxable value of the "New facility," not including land, until the certificate expires, unless the effective date is adjusted by MCL 207.780(2). If the effective date is adjusted or the certificate is approved after 12/31/2005, the exemption is adjusted as described below. The Principal Residence Exemption state average tax rate is set by the Michigan Department of Treasury, Assessment and Certification Division, on an annual basis.

In the last three years of the exemption, the exemption applies to only the number of mills levied for the county and LGU operating purposes (does not include debt millage); multiplied by the current taxable value. Any county or LGU debt millage and all other millages levied by all other taxing authorities would be levied at the full millage. Land is not included in this exemption.

In the tax year two years before the certificate expires, the percentage of county and LGU operating mills paid changes to **five-eighths** (does not include debt millage); multiplied by the current taxable value.

In the tax year one year before the certificate expires, the percentage of county and LGU operating mills paid changes from five-eighths to **three-fourths** (does not include debt millage); multiplied by the current taxable value.

In the year that the certificate expires, the percentage county and LGU operating mills paid changes from three-fourths to **seven-eighths** (does not include debt millage); multiplied by the current taxable value.

The LGU may grant an exemption for 6 to 15 years, or 11 to 17 years for a historic building.